





# CITY COUNCIL

## AGENDA REQUEST

|   |  |                          |   |
|---|--|--------------------------|---|
| AGENDA OF:  | 05-07-13   | AGENDA REQUEST NO:       | V-B   |
| INITIATED BY:   | BRYAN GUINN,<br>ASSISTANT DIRECTOR OF BUDGET & RESEARCH  | RESPONSIBLE DEPARTMENT:  | BUDGET & RESEARCH   |
| PRESENTED BY:   | BRYAN GUINN,<br>ASSISTANT DIRECTOR OF BUDGET & RESEARCH  | DIRECTOR:                | JENNIFER BROWN <br>DIRECTOR OF BUDGET & RESEARCH |
|   |  | ADDITIONAL DIRECTOR (S): | N/A   |
| SUBJECT / PROCEEDING:   | INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM FUTURE BOND PROCEEDS<br>APPROVAL OF RESOLUTION 13-19   |                          |   |
| EXHIBITS:   | RESOLUTION 13-19<br>EXHIBIT A- DESCRIPTION OF PROJECTS   |                          |   |
| CLEARANCES  |  | APPROVAL                 |   |
| LEGAL:  | MARY ANN POWELL <br>CITY ATTORNEY<br>(RESOLUTION PREPARED BY ANDREWS KURTH LLP, BOND COUNSEL) | EXECUTIVE DIRECTOR:      | MIKE GOODRUM                                   |
| PURCHASING:   | N/A  | ASSISTANT CITY MANAGER:  | N/A   |
| BUDGET:   | JENNIFER BROWN <br>DIRECTOR OF BUDGET & RESEARCH  | CITY MANAGER:            | ALLEN BOGARD  /FOR AB                          |
| BUDGET  |  |                          |   |
| EXPENDITURE REQUIRED: \$  |  | N/A                      |   |
| CURRENT BUDGET: \$  |  | N/A                      |   |
| ADDITIONAL FUNDING: \$  |  | N/A                      |   |
| RECOMMENDED ACTION  |  |                          |   |
| Consideration and approval of Resolution 13-19, expressing intent to reimburse certain expenditures from proceeds of future tax exempt debt issuance for airport, drainage, municipal, streets, and traffic improvements. |  |                          |   |

## EXECUTIVE SUMMARY

The City's fiscal year 2013 Capital Improvement Program (CIP) includes projects to be funded by this issuance of Certificates of Obligation totaling \$8.86 million. An additional \$225,000 has been approved as a budget amendment to supplement funding for Airport Runway Rehabilitation as a match for FAA funding. Contracts for several projects have been or will be awarded.

Under IRS regulations, the City must issue an "intent to reimburse" from future borrowings for project costs incurred prior to the issuance of debt before expending any construction dollars on these projects. The City must declare its intent to reimburse the expenditures within 60 days of the first expenditure.

To facilitate progress on these projects, staff is requesting that City Council approve a resolution stating the City's intent to reimburse these projects from the proceeds of the future debt issuance. The City's bond counsel has prepared the attached Resolution No. 13-19 for council consideration, with a maximum principal amount of \$8,860,000 to be reimbursed from future bond proceeds.

The eleven projects covered under the reimbursement resolution are listed below. Two additional projects are planned for funding from debt issuance, but are not included in the reimbursement resolution. These projects are under design and not ready for construction funding at this time. Expenditures for design and engineering work do not need to be included in the reimbursement resolution.

| <b>Airport Projects</b>                                       | <b>2013 Funding</b> |
|---|---------------------|
| Parallel Taxiway Relocation                                   | \$ 1,000,000        |
| Runway Rehab/Repairs  | 225,000             |
| Total Airport Funding   | 1,225,000           |
| <b>General CIP</b>  |                     |
| Ragus Lakes Drainage  | 1,150,000           |
| Covington Woods Drainage Improvements                         | 250,000             |
| Parks & Recreation - Demolition & Relocation to Admin Annex   | 550,000             |
| Meadowcroft Blvd  | 3,000,000           |
| University Boulevard North Bridge                             | 150,000             |
| Bridge Rehabilitation   | 250,000             |
| Street Reconstruction   | 1,500,000           |
| Traffic Signal Management / ITS                               | 200,000             |
| Government/Community & Destination Signage                    | 585,000             |
|   | 7,635,000           |
| TOTAL TO BE REIMBURSED FROM FUTURE CERTIFICATES OF OBLIGATION | <b>\$ 8,860,000</b> |

Staff recommends City Council approve Resolution No. 13-19 expressing intent to reimburse certain expenditures from proceeds of future tax exempt debt issuance for airport, drainage, municipal, streets, and traffic improvements.

## EXHIBITS

## RESOLUTION 13-19

### RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS, EXPRESSING INTENT TO FINANCE EXPENDITURES TO BE INCURRED TOTALING \$8,885,000 FROM FUTURE TAX-EXEMPT OBLIGATIONS

THE STATE OF TEXAS       §  
COUNTY OF FORT BEND   §  
CITY OF SUGAR LAND     §

WHEREAS, the City of Sugar Land, Texas (the “City”), is home rule city of the State of Texas, authorized to finance its activities by issuing obligations pursuant to the Texas Government Code and Texas Local Government Code, which may include obligations the interest on which is excludable from gross income for federal income tax purposes (“tax-exempt obligations”), pursuant to Section 103 of the Internal Revenue of 1986, as amended (the “Code”), or both; and

WHEREAS, the City has made, within the last 60-days, and will continue to make payments with respect to the acquisition of the project listed on Exhibit A attached hereto (the “Financed Facilities and Improvements”); and

WHEREAS, the City desires to reimburse itself for the costs associated with the Financed Facilities and Improvements listed on Exhibit A attached hereto from the proceeds of tax-exempt obligations to be issued subsequent to the date hereof; and

WHEREAS, the City reasonably expects to issue tax-exempt obligations to reimburse itself for the costs associated with the Financed Facilities and Improvements listed on Exhibit A attached hereto.

NOW, THEREFORE, be it resolved that:

**Section 1.**     The City hereby declares its intent to reimburse itself for all costs that will be paid subsequent to the date hereof in connection with the acquisition of the Financed Facilities and Improvements listed on Exhibit A attached hereto from the proceeds of tax-exempt obligations to be issued subsequent to the date hereof.

**Section 2.**     The City reasonably expects that the maximum principal amount of tax-exempt obligations issued to reimburse the City for costs associated with the Financed Facilities and Improvements listed on Exhibit A attached hereto will not exceed \$8,860,000.

PASSED AND APPROVED this \_\_\_\_ day of \_\_\_\_, 2013.

CITY OF SUGAR LAND, TEXAS

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Secretary

(SEAL)

APPROVED AS TO FORM

\_\_\_\_\_  
Thomas A. Sage, Bond Counsel

## EXHIBIT A

| Project Name                                | 2013 Funding |
|---|--------------|
| Parallel Taxiway Relocation                 | \$ 1,000,000 |
| Runway Rehab/Repairs                        | 225,000      |
| Ragus Lakes Drainage                        | 1,150,000    |
| Covington Woods Drainage Improvements       | 250,000      |
| PARD Demolition & Relocation to Admin Annex | 550,000      |
| Meadowcroft Blvd                            | 3,000,000    |
| University Boulevard North Bridge           | 150,000      |
| Bridge Rehabilitation                       | 250,000      |
| Street Reconstruction                       | 1,500,000    |
| Traffic Signal Management / ITS             | 200,000      |
| Government/Community & Destination Signage  | 585,000      |
| TOTAL CERTIFICATES OF OBLIGATION            | \$ 8,860,000 |